

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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In the Matter of)
)
Policies and Rules Concerning)
Unauthorized Changes of Consumers')
Long Distance Carriers)

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

CC Docket No. 94-129

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COMMENTS OF
SOUTHWESTERN BELL TELEPHONE COMPANY

A consumer was recently walking along the midway of the Missouri State Fair when he saw a booth advertising a contest for a free automobile. According to the coupon which the consumer filled out and deposited in an entry box, the contest was purely voluntary and would cost no money. All the consumer needed to do was fill out the coupon. If his name were subsequently drawn, he would win the new automobile.

The following week the consumer was surprised to learn that his Presubscribed Interexchange Carrier (PIC) had been changed. When the consumer complained, his new interexchange carrier sent him a copy of his contest entry. On the back, in minute print, was the following legend: "By executing this form, you are authorizing (blank) to become your preferred interexchange carrier." This sort of "slamming" occurs so regularly that, unfortunately, it rarely merits attention.

Southwestern Bell Telephone Company (SWBT) supports the Commission's efforts in this docket to strengthen further its PIC change requirements. This is a problem of national concern, generating thousands of complaints each month. The Notice of Proposed Rulemaking (NPRM) asks several questions and proposes

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certain solutions. SWBT's Comments will answer the questions, or comment upon the proposed solutions, in the order in which they appear in the NPRM.

I. THE COMMISSION SHOULD PRESCRIBE SPECIFIC LANGUAGE FOR THE LETTER OF AUTHORIZATION, BUT NEED NOT REQUIRE THE CUSTOMER'S PHONE NUMBER TO BE PREPRINTED ON THE LETTER OF AUTHORIZATION.

The NPRM asks if the Commission should prescribe specific language for the letter of authorization (LOA), and if the Commission should require the customer's phone number to be preprinted on the LOA.¹ No consumer has complained to SWBT that an IXC has added the consumer's telephone number after execution of the LOA. Therefore, preprinting the consumer's telephone number on the LOA appears to be unnecessary.

SWBT recommends that the Commission prescribe specific and exact language for the LOA. The NPRM concludes that "IXCs acting in good faith can implement these minimum guidelines without difficulty."² Experience has amply demonstrated that not all IXCs act in good faith. Left to their own devices, some IXCs display no reluctance to use "LOAs" that are obviously designated to mislead and confuse the consumer. For this reason, specific language should be required for the entire industry. Also, based on customer feedback, SWBT recommends that the long distance carrier specify on the LOA when it has in fact agreed to pay the charges associated with the PIC change request. SWBT has attached to these comments examples (Exhibits 1 thru 3) of standardized LOAs, copies

¹ NPRM at para. 10.

² NPRM at para. 10.

of which should be left with the consumer for reference in case of dispute.

SWBT further recommends that the Commission establish a specific date by which all IXCs must begin using the prescribed LOA.

II. THE COMMISSION SHOULD PROHIBIT INDUCEMENTS FROM BEING MAILED IN THE SAME ENVELOPE AS THE LETTER OF AUTHORIZATION.

The Commission is proposing to prohibit the combination of LOAs with consumer inducements so that an LOA could not be contained on the back of a contest entry form. SWBT strongly supports this proposed revision. SWBT's experience is similar to the Commission's; much "abuse, misrepresentation and consumer confusion occur when an inducement and an LOA are combined in the same document, often on the same piece of paper."³

SWBT also recommends that the amended rules prohibit the mailing of LOAs in the same envelope as consumer inducements. SWBT has received an average of 17,766 PIC complaints per month during 1994. This is up from an average of 9,117 complaints per month in 1993. Neither figure is acceptable. Consumers tell SWBT that inducements are a major contributor to PIC disputes. Many consumers, in filling out LOAs, believe they are merely entering a contest. If this sort of subterfuge is prohibited, SWBT believes the number of PIC complaints will decrease substantially.

³ NPRM at para. 11.

III. THE LETTER OF AUTHORIZATION SHOULD LIST ALL CARRIERS/COMPANIES INVOLVED.

The NPRM inquires whether LOAs should contain "only the name of the carrier that directly provides the interexchange service to the customer."⁴ If the LOA contains the name of only one carrier -- the carrier directly providing interexchange service to the customer -- customers may become confused. As the NPRM points out, more than one carrier often provides long distance service to consumers. An underlying carrier may provide the facilities, while a resale carrier may actually set the rates charged to the end user. There may also be a third carrier acting as a billing and collection agent.

SWBT recommends that the LOA mention all carriers/companies involved. This would include the agent/reseller setting the rates, the IXC carrying the traffic when a reseller is involved, and the carrier/company actually billing the long distance charges. The consumer, not understanding that multiple carriers/companies are involved in the provision of service, may believe that he has been slammed, especially if that carrier/company was not listed on the LOA. Listing all carriers/companies on the LOA will alleviate this problem. SWBT and other LECs should not be required to explain the nature of interexchange service to end users contacting SWBT's business office under the mistaken assumption that their PIC has been changed. Exhibit 3 is an example of an LOA which discloses to the

⁴ NPRM at para. 14.

consumer that multiple carriers/companies may be involved in the provision of the consumer's long distance service.

IV. LETTERS OF AUTHORIZATION FOR BUSINESS CUSTOMERS SHOULD CONTAIN ADDITIONAL INFORMATION.

In SWBT's experience, many PIC disputes arise when an LOA is executed by a business employee lacking the appropriate authority. Even a properly executed LOA is invalid if executed by unauthorized personnel.⁵ SWBT therefore recommends that LOAs for business customers include the name and title of the individual executing the document, as well as other pertinent information about the business requesting the PIC change. Exhibit 2 is an example of such an LOA for business customers.

V. CONSUMERS ENROLLED IN OPTIONAL CALLING PLANS SHOULD NOT BEAR THE LOSS CAUSED BY AN UNAUTHORIZED PIC CHANGE.

Many consumers enroll in optional calling plans under which they pay a lump sum per month to an IXC, regardless of the consumer's minutes of use. If such a consumer's PIC is changed without authorization, the consumer may continue to pay, and indeed may be obligated to continue to pay, the original IXC, even though the consumer is no longer prescribed to that carrier. The NPRM seeks comment on whether the Commission should "absolve these consumers of liability for any payments to optional calling plans after unauthorized conversions."⁶

⁵ NPRM at para. 15.

⁶ NPRM at para. 16.

Absolving the consumer of liability to the original IXC would punish that IXC for the improper conduct of another carrier. Requiring the consumer to continue to pay both the original IXC and the "slamming" IXC would unfairly punish the consumer. SWBT therefore recommends that, when a carrier slams a consumer with an optional calling plan, the slamming carrier be required to refund to the consumer all payments made to the slamming IXC. The consumer should continue to be responsible to make all payments due under the optional calling plan. The PIC should be changed back to the original IXC. Such an arrangement would penalize neither the consumer nor the original IXC, and would prevent the slamming carrier's benefiting from its improper activities.

VI. CONSUMERS SHOULD NOT BE LIABLE FOR ANY PORTION OF CHARGES RENDERED BY AN IXC WHICH HAS IMPROPERLY CHANGED THE CONSUMER'S PIC.

In the current environment, unauthorized PIC changes make money. Even if the customer who has been slammed changes back to his original carrier, that customer is liable for all interim charges rendered by the offending IXC. And some customers, for a number of reasons, never change back to the original carrier.

The situation is similar to the following. A garbage collection company shows up one morning at a consumer's house and, without the consumer's consent or knowledge, picks up the trash. Should the consumer be required to pay for the cost of the work? If so, garbage collection companies will race each other from house to house. Some consumers' trash may be collected several times

each week. Trash collection is a necessary service. The question is, whom should the consumer pay?

If the Commission truly wants to stop slamming, then the Commission must make the practice uneconomical. The only way to do this is to relieve the consumer from all liability to the offending IXC. SWBT, and almost all consumers who have been slammed, feel very strongly that the offending IXC should not benefit from an unauthorized PIC change. Anything less will not stop slamming.⁷

VII. IF ANY PORTION OF THE LETTER OF AUTHORIZATION IS WRITTEN IN A LANGUAGE OTHER THAN ENGLISH, THEN ALL REQUIRED DISCLOSURES SHOULD BE MADE IN THAT OTHER LANGUAGE.

The NPRM notes that some LOAs are targeted to consumers who do not speak English.⁸ Such LOAs often contain inducements in a language other than English, while the required disclosures are printed only in English. This sort of practice is intended not to facilitate disclosure, but rather to confuse and ensnare. If any portion of an LOA is written in a language other than English, then all required disclosures should be written in that other language. All required disclosures should also be written in English.

SWBT also supports the proposal that LOAs contain a heading such as: "An Order To Change My Long Distance Telephone Service Provider." From SWBT's perspective, the clearer the LOA,

⁷ If a PIC dispute is received by SWBT more than 90 days after the consumer learns of the change, the consumer should not be entitled to any credits beyond the first 90 days. Otherwise, consumers may be tempted to delay PIC complaints to receive free service.

⁸ NPRM at para. 18.

the better. No consumer should execute an LOA unless that consumer intends to change his long distance provider.

VIII. CONCLUSION

Slamming is epidemic because it is profitable. To stop slamming, the Commission should take the actions discussed above, including relieving consumers from the obligation to pay anything to IXCs which have improperly changed the consumer's PIC. Once slamming becomes a money loser, the practice will cease. IXCs will then have no incentive to stage bogus contests on the midway of the Missouri State Fair.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

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January 9, 1995

AUTHORIZATION TO CHANGE LONG DISTANCE SERVICE COMPANY

I, the undersigned, hereby authorize () to switch my long distance service to () for the telephone number(s) listed below. I understand that I may choose only one long distance company for each telephone number. I also understand that the local telephone company assesses a charge each time a change is made to a different long distance carrier.

Residential Telephone Numbers(s): () _____

Printed Name _____

Address _____

City, State, Zip _____

Authorized Signature _____

Date _____

AUTHORIZATION TO CHANGE LONG DISTANCE SERVICE COMPANY

I, the undersigned, hereby authorize () to switch our long distance service to () for the telephone number(s) listed below. I understand that only one primary long distance company can be chosen for each telephone number. I also understand that the local telephone company assesses a charge each time a change is made to a different long distance carrier.

Business Telephone Number(s):

() _____ () _____ () _____
() _____ () _____ () _____
() _____ () _____ () _____

Printed Name _____ Date _____

Address _____
City, State, Zip _____

*Authorized Signature _____ Title _____

*Signee must have authority to change the long distance carrier on the listed telephone number(s).

AUTHORIZATION TO CHANGE LONG DISTANCE SERVICE COMPANY

I, the undersigned, hereby authorize () to switch my long distance service to () for the telephone number(s) listed below. I understand that I may choose only one long distance company for each telephone number. I also understand that the local telephone company assesses a charge each time a change is made to a different long distance carrier.

In addition, I understand the above agent/reseller works in conjunction with another carrier which is (). This carrier provides the facilities to carry the long distance service. () will bill for the long distance service.

Residential/Business Telephone Number(s): () _____

Printed Name _____

Address _____

City, State, Zip _____

*Authorized Signature _____ Date _____

*Signee must have authority to change the long distance carrier on the listed telephone number(s)

CERTIFICATE OF SERVICE

I, Martha Marshalek, hereby certify that the foregoing Comments of Southwestern Bell Telephone Company, have been served this 9th day of January, 1995 to the Parties of Record.

Martha Marshalek

Martha Marshalek

January 9, 1995

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